

**Project #206 Checksheet**  
**501(c)(6) Business Leagues – Non-filers**

1. Agent's Name \_\_\_\_\_
2. Group number \_\_\_\_\_
3. Phone number (\_\_\_\_)\_\_\_\_-\_\_\_\_\_

**Entity Questions**

4. Organization Name: entered by EPP
5. EIN: entered by EPP
6. Tax Period: entered by EPP

a. If you secured a different tax period than the one shown, enter the tax period of the primary return you audited. \_\_\_\_\_(YYYYMM)

7. Based on information secured during your initial contact, is this organization properly classified as a business league? Yes\_\_\_ No\_\_\_

a. If not, what is the correct subsection? (\_\_\_\_)(\_\_\_\_\_)

***If you answered "No" to Question # 7, STOP HERE. Do not complete the rest of the checksheet. Return the disk to your manager, to be forwarded to Exam Planning & Projects (EPP).***

8. Was the organization active in the year selected for this study? Yes\_\_\_ No\_\_\_

If no, enter the last year of activity \_\_\_\_\_(YYYYMM), and check all that apply:

- a. \_\_\_ Terminated
- b. \_\_\_ Formally dissolved by board resolution
- c. \_\_\_ State was notified of termination or dissolution
- d. \_\_\_ Went out of existence, no formal dissolution
- e. \_\_\_ Unable to locate
- f. \_\_\_ Inactive but not dissolved. Organization plans to become active in future.

***If you answered "No" to Question #8, STOP HERE. Do not complete the rest of the checksheet. Return the disk to your manager, to be forwarded to Exam Planning & Projects (EPP). See Project Instructions.***

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The remaining questions should be answered based on your interview of the organization's officers and your audit of books and records. ***An audit must be completed on books and records on all project cases.*** This case may be worked as an OCEP with your group manager's approval, provided a telephone interview is used to secure answers to non-examination questions. If the organization claims to have gross income below \$25,000, your audit will focus on verifying that the organization has no filing requirement. You will also need to complete an audit of other issues sufficiently deep in scope to enable you to answer all applicable questions.

9. NTEE Code or Activity code of record: [entered by EPP](#)

- a. If the NTEE Code is incorrect, what should it be?  
 \_\_\_\_\_(enter one letter + 2 digits)
- b. If the Activities Codes were incorrect, what should they have been?  
 \_\_\_\_\_,\_\_\_\_\_,\_\_\_\_\_ (enter 3-digit activity codes, primary, secondary and tertiary)  
 This question refers to the BMF activity code, not the AIMS activity code.

***Note: Form 2363-A must be completed and submitted with the closed case file if any of these EO-BMF data elements are incorrect:***

EIN	NTEE code
Primary Name	Area Office Code
Current Address	Accounting Period
Affiliation Code	Filing Requirement Code
Group Exemption Number	Asset Code
Ruling Date	Income Code
Organization Code	Status Code
Activity Code	

***Be sure to update the filing requirement if you determine that the organization is no longer required to file the Form 990.***

### **Census Questions**

10. What type of information would the organization's officers like to see added to the IRS website?

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11. How do officers and board members prefer getting information from the IRS?  
(Check all that apply):

- a. ☐ Website
- b. ☐ Customer Service call-in site
- c. ☐ Walk-in site
- d. ☐ Publications, brochures, pamphlets
- e. ☐ Notices, announcements
- f. ☐ Direct Correspondence
- g. ☐ Seminars, workshops
- h. ☐ EO conferences

12. Would officers of the organization be interested in attending an IRS workshop about business leagues, or exempt organizations in general? Yes ☐ No ☐

a. If so, what topics would they like to see covered?

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13. What type of organization is this? (Check one)

- a. ☐ Trade association
- b. ☐ Chamber of commerce
- c. ☐ Real-estate board
- d. ☐ Professional football league
- e. ☐ Other business league

14. What is the primary focus of the organization? (Check one)

- a. ☐ Trade shows, conventions
- b. ☐ Grass roots lobbying
- c. ☐ Provide insurance benefits to members
- d. ☐ Training
- e. ☐ Political activities
- f. ☐ Communication with members (newsletters, publishing)
- g. ☐ Own or operate a building
- h. ☐ Social activities
- i. ☐ Other

15. Approximately how many members did the organization have during the primary year under audit?

- a. ☐ Less than 50
- b. ☐ 51-100
- c. ☐ 101-500
- d. ☐ 501-1,000
- e. ☐ 1,001-5,000
- f. ☐ 5,001-10,000
- g. ☐ More than 10,000

16. Who prepared the Form 990?

- a. ☐ CPA
- b. ☐ Attorney
- c. ☐ Enrolled Agent
- d. ☐ Un-enrolled preparer
- e. ☐ Organization officer
- f. ☐ Volunteer member of the organization, not an officer
- g. ☐ Other

17. Does the organization have a website? Yes ☐ No ☐

a. If yes, did the website reveal any noncompliance? Yes ☐ No ☐

### **Organizational Questions**

18. How is the entity organized?

Corporation ☐ or Association ☐ (check one)

19. How is this organization related to other organizations?

- a. ☐ Parent organization, part of a group exemption
- b. ☐ Subordinate organization, part of a group exemption
- c. ☐ Affiliate, not part of a group exemption
- d. ☐ Stand-alone organization

20. Have the articles of incorporation or association, or the by-laws, been amended since the organization received its determination letter? Yes ☐ No ☐

a. Have the amendments been reported to the IRS? Yes ☐ No ☐

b. Did the changes result in disqualifying features? Yes ☐ No ☐

## **Operational Questions**

21. Did the organization conduct gaming? Yes\_\_\_ No\_\_\_

If yes, check all that apply:

- a. \_\_\_ Gaming was conducted directly by the organization
- b. \_\_\_ A promoter conducted gaming activities
- c. \_\_\_ Gaming activities were for members only
- d. \_\_\_ The organization was liable for filing Forms 730 and/or 11-C
- e. \_\_\_ The organization filed all Forms 730 and 11-C for which it was liable

22. Enter the AIMS disposal code you used, or expect to use, to close the case:\_\_\_

a. If the case was closed No Change with Advisory, please give a BRIEF description of the advisory, or send a copy of the closing letter with the survey disk.

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23. Did the organization earn gross income from non-member sources totaling in excess of \$1,000 during the year under audit?

Yes\_\_\_ No\_\_\_

***If the answer to Question #23 is "No", skip ahead to Question #30.***

24. What was the source of the non-member income? (Check all that apply)

- a. \_\_\_ Debt financed rental income
- b. \_\_\_ Rental income – personal services rendered
- c. \_\_\_ Sales of merchandise
- d. \_\_\_ Fees for services
- e. \_\_\_ Tickets to organization events sold to non-members
- f. \_\_\_ Dues and other income from associate members
- g. \_\_\_ Gaming proceeds
- h. \_\_\_ Advertising
- i. \_\_\_ Other

25. Has the organization incurred continuing UBI losses over the 3 years ending with the year under audit? Yes\_\_\_ No\_\_\_

26. Did the organization file Form 990-T prior to the audit? Yes\_\_\_ No\_\_\_

***If the answer to Question #26 is "No", skip ahead to Question #29.***

27. Were adjustments made to the Form 990-T as a result of the audit?  
Yes\_\_\_ No\_\_\_

***If the answer to Question #27 is "No", skip ahead to Question #30.***

28. What were the reasons for the adjustments to the Form 990-T? (Check all that apply)

- a. \_\_\_ Improper expense allocation
- b. \_\_\_ Unreported income
- c. \_\_\_ Unsubstantiated or non-deductible expenses
- d. \_\_\_ Other

***If you answered Question #28, skip Question #29 and go directly to Question #30.***

29. What reason did the organization give for not filing voluntarily? (Check all that apply)

- a. \_\_\_ Not aware of F990-T requirements
- b. \_\_\_ Relied on tax professional
- c. \_\_\_ Incorrectly applied rules on non-member income
- d. \_\_\_ Poor record-keeping
- e. \_\_\_ Other

30. Did the organization have employees? Yes\_\_\_ No\_\_\_

***If the answer to Question #30 is "No", skip ahead to Question #35.***

31. Did the organization timely and accurately file all employment tax returns?  
Yes\_\_\_ No\_\_\_

***If the answer to Question #31 is "Yes", skip ahead to Question #35.***

32. What was the reason for the noncompliance? (Check all that apply)

- a. \_\_\_ Not aware of 941 or 940 filing requirements
- b. \_\_\_ Relied on tax professional
- c. \_\_\_ Incorrect application of law
- d. \_\_\_ Other

33. What generated the employment tax issue?

- a. ☐ Officers' personal use of organizations' vehicle(s)
- b. ☐ Non-accountable travel plan
- c. ☐ Waiver of dues in exchange for services
- d. ☐ Incorrectly classified workers
- e. ☐ Incorrect treatment of fringe benefits, other payments
- f. ☐ Other

34. Did any employment tax adjustment result in a discrepancy adjustment or referral?  
Yes ☐ No ☐

35. Did the organization provide particular service to members? Yes ☐ No ☐

36. If particular services were provided, what were they? (Check all that apply)

- a. ☐ Registry services or referrals to members' businesses
- b. ☐ Advertising
- c. ☐ Appraisal or valuation services
- d. ☐ Auction or sales services
- e. ☐ Use of organization property (timeshares, boats, recreational property)
- f. ☐ Other

37. Did the organization make expenditures for the purpose of carrying out an exemption function as defined in IRC 527(e)(2)? Yes ☐ No ☐

***If the answer to Question #37 is "No", skip ahead to Question #48.***

38. Did the organization have a Political Action Committee (PAC) or use a separate segregated fund to pay political expenditures? Yes ☐ No ☐

39. If "No", what was the reason given by the officers for not setting up a segregated fund? (Check all that apply)

- a. ☐ Unaware of law pertaining to political expenditure
- b. ☐ Aware of law but confused about proper application
- c. ☐ Intended to set up segregated fund, but the fund was incorrectly established and was not actually segregated
- d. ☐ Chose not to set up segregated fund
- e. ☐ Relied of professional advice
- f. ☐ Other

40. If the answer to Question #37 is "Yes", did the organization file Form 8871?

Yes\_\_\_ No\_\_\_

41. If the answer to Question #40 is "No", what was the reason given by the officers for the organization not filing the Form 8871?

- a. \_\_\_ No investment income
- b. \_\_\_ Officers did not believe expenditures were political
- c. \_\_\_ Not aware of Form 8871 filing requirements
- d. \_\_\_ Relied on professional advice
- e. \_\_\_ Other

42. If the answer to Question #38 is "Yes", did the PAC or fund have its own EIN?

Yes \_\_\_ No\_\_\_

43. Did the PAC file Form 8871? Yes\_\_\_ No\_\_\_

44. If the answer to Question #43 is "No", what was the reason given by the officers for not filing the Form 8871? (Check all that apply)

- a. \_\_\_ Thought the organization had properly filed Form 8871
- b. \_\_\_ No investment income
- c. \_\_\_ Not aware of Form 8871 filing requirements
- d. \_\_\_ Officers did not believe expenditures were political
- e. \_\_\_ PAC is a Federal PAC and files with the FEC
- f. \_\_\_ Gross receipts annually were less than \$25,000
- g. \_\_\_ PAC's tax year ends prior to 7/1/2000
- h. \_\_\_ Other

45. If the answer to Question #37 is "Yes", did the organization file Form 1120-POL?

Yes \_\_\_ No\_\_\_

46. If the organization had established a PAC, did the PAC file a Form 1120-POL?

Yes\_\_\_ No\_\_\_

47. If the answer to Question #46 is "No", what was the reason given by the officers for not filing Form 1120-POL?

- a. \_\_\_ No investment income
- b. \_\_\_ Officers did not believe expenditures were political
- c. \_\_\_ Not aware of Form 1120-POL filing requirements
- d. \_\_\_ Relied on professional advice
- e. \_\_\_ Other



48. Did you secure a delinquent Form 990 return? Yes\_\_\_ No\_\_\_

49. If the answer to Question #48 was yes, what was the reason given by organization officers for failing to file the Form 990 in a timely manner? (Check all that apply)

- a. \_\_\_ Thought gross receipts were under \$25,000
- b. \_\_\_ Erroneously used net receipts to determine whether filing was required
- c. \_\_\_ Thought a return was filed
- d. \_\_\_ Change in officers
- e. \_\_\_ High volunteer turn-over
- f. \_\_\_ Poor record keeping
- g. \_\_\_ Relied on tax professional
- h. \_\_\_ Other

50. If the answer to Question #48 was "No", were gross receipts under \$25,000 in the year(s) in question? Yes\_\_\_ No\_\_\_

51. If other delinquent returns were If delinquent returns were secured, please check all that apply:

- a. \_\_\_ 990-T
- b. \_\_\_ Prior year delinquent 990
- c. \_\_\_ 941
- d. \_\_\_ 940
- e. \_\_\_ 945
- f. \_\_\_ 1099/W-2/W-2G
- g. \_\_\_ 730
- h. \_\_\_ 11-C
- i. \_\_\_ 8871
- j. \_\_\_ 1120-POL
- k. \_\_\_ 8872
- l. \_\_\_ 990 for the PAC

Thank you for completing the checksheet and participating in this project. Look for the results of the study in the EPR newsletter and the TE/GE website. Please return the disk to your manager as soon as you are able to respond to the questions with reasonable assurance.